

Background: USAID IN PAKISTAN



Since 1951, the United States Agency for International Development (USAID) has provided nearly \$7 billion to support Pakistan's development efforts. This assistance has strengthened the political, economic and cultural ties between the two nations.

THE FIRST THIRTY YEARS 1951 – 1981

From a modest beginning in 1951, U.S. bilateral assistance to Pakistan grew to almost \$400 million a year in the early 1960s. By 1982, U.S. assistance to Pakistan totaled approximately \$5.1 billion. The United States also supported Pakistan's development through contributions to the World Bank, the Asian Development Bank, and United Nations programs.

During the 1950s, the United States focused on helping the newly independent Pakistan overcome the economic consequences of its partition from India. The United States provided funds and materials for infrastructure, technical support to ease skill shortages and food. The Government of Pakistan used the money it earned from food sales to provide public services. This assistance laid the foundation for Pakistan's future agricultural and industrial growth.

During the 1960s, the United States supported Pakistan's efforts to boost agriculture and rapidly expand its industrial sector. The United States invested heavily in water, power, transportation, and communications. At its height, during the first half of the 1960s, U.S. assistance was more than half of all foreign aid to Pakistan, covering one-third of Pakistan's development budget and financing half its import bill.

During the 1970s, the United States turned its attention back to agriculture. In addition to helping Pakistan increase its fertilizer production, U.S. assistance helped Pakistan import fertilizer and improve its water and irrigation systems. USAID worked with Pakistani agricultural scientists and engineers to develop water and irrigation systems on farms. These systems were replicated throughout Pakistan and by other countries and donors.

As the single largest donor (\$712 million, or 31 percent of all contributions) to the Indus Basin Development project, the United States played a leading role in the construction of the Mangle and Tarbela dams. The dams continue to make significant contributions to Pakistan's energy and agricultural sectors today.

In the same period, the U.S. also supported nutrition research, malaria control, population planning, and health care for rural areas.

The legacy of the early assistance program is still visible in many areas of Pakistan's economy. For example, USAID helped introduce high yield food grain varieties (the "green revolution") that helped

make Pakistan self-sufficient in wheat and one of the world's leading exporters of rice. USAID also played an important role in bringing about the widespread use of fertilizer.

START OF A SECOND PHASE 1982 – 1987

The 1982-1987 phase of U.S. assistance to Pakistan was a milestone in U.S.-Pakistan relations. Cooperation between the two countries was close as they negotiated a \$1.62 billion program in 1981.

Pakistani institutions carried out most of the activities. Almost all projects were national in scope, with activities in all four provinces. To help meet pressing needs in less developed parts of the country, USAID funded several region-specific "area development" projects at the government's request. The goal was to respond to the priorities set by the government in its annual and five-year development plans.

About 70 percent of the funds were used to buy fertilizer, edible oils, and heavy machinery and equipment. In many cases, the money Pakistan earned from the sale of these items was used to support important projects in agriculture, education, and other areas.

Much of the assistance directly funded local costs, including constructing and improving canals and waterways. Another portion was used for training. Finally, about 11 percent of the funds went to Pakistani contractors for technical assistance.

About 55 percent of the 1982-87 programs were purely grants, and the remainder consisted of soft loans, or loans with generous repayment terms. Given the generosity of the terms of these loans and the high percentage of grants throughout that period, U.S. assistance was the most concessional of any major donor. The economic assistance program planned for 1988-1993 had even more generous terms.

ENERGY

From 1982-1987, about one-fourth of U.S. economic assistance went to Pakistan's energy sector.

USAID, together with the Water and Power Development Authority (WAPDA) and the Asian Development Bank (ADB), built a new 900 megawatt power plant at Guddu in upper Sindh.

USAID worked with WAPDA to improve the efficiency of its new power distribution wing, including a \$6 million computer system for planning, design and training for more than 30,000 WAPDA personnel. WAPDA received \$19.3 million in equipment to help reduce energy loss during distribution and to improve the efficiency of some of its thermal power plants.

USAID helped establish a geodata center at the Geological Survey of Pakistan and provided an additional \$3.3 million for coal-related equipment for the Pakistan Hydrocarbon Institute in Islamabad and Karachi and \$4.5 million to the Fuel Research Center at the Pakistan Council of Scientific and Industrial Research laboratories in Karachi.

USAID financed \$16.5 million in new oil and gas development and seismic equipment for the Oil and Gas Development Corporation and its private joint ventures.

In the field of energy planning and conservation, USAID helped initiate a national energy conservation program as well as establish an energy conservation center (ENERCON) in Islamabad. Under the Seventh Five Year Plan, USAID helped the government create an energy wing within the

Ministry of Planning to coordinate Pakistan's national energy strategy.

AGRICULTURE

Half of employed Pakistanis work in agriculture. Their efforts contribute more than one-fourth of Pakistan's gross domestic product. Because this field was so important to Pakistan's economy, USAID focused nearly half its program on increasing agricultural productivity. This directly benefited farmers throughout Pakistan.

Agricultural Research and Education: USAID worked with the Pakistan Agricultural Research Council and the Agricultural University in Peshawar to make agricultural research and education directly relevant to farmers.

To improve agricultural productivity in dry areas, USAID supported the Arid Zone Research Institute in Quetta. USAID also gave equipment worth more than \$4 million and other support to the Pakistan Forestry Institute in Peshawar and to the Agricultural Universities at Faisalabad in Punjab and Tando Jam in Sindh.

Funding from USAID also helped establish a branch of the International Irrigation Management Institute (IIMI) in Lahore.

Irrigation: Pakistan has the largest contiguous irrigation system in the world.

From 1982-87, USAID assisted Pakistan in improving 4,000 kilometers of canals and waterways throughout the country, upgrading irrigation workshops in the provinces and introducing computer-aided design techniques. More than \$50 million in computers, vehicles, heavy machinery, and other equipment was provided.

To improve water management on farms, 1,319 waterways were renovated, 75,000 acres of land leveled, and training centers and demonstration farms were established in all four provinces

Other Areas: Accurate data collection is essential for developing good policies. With USAID support, the agricultural branch of Pakistan's Statistics Division improved and computerized its reporting. At the same time, USAID assisted Pakistan in establishing an Economic Analysis Network to strengthen the analytical skills of Pakistani researchers throughout the country.

AREA DEVELOPMENT

Balochistan: Here USAID funded a number of small rural infrastructure projects, including renovation of schools and irrigation facilities. Construction contracts were signed for the 101-kilometer Bela-Awaran road and the Kech River bridge outside of Turbat. Design work was planned on the 255 kilometer Awaran-Turbat road, which would have significantly reduced the travel time between Turbat and Karachi.

North-West Frontier Province: In this area, USAID aimed its efforts at roads, schools, village electrification, skills training programs, tree-planting, water supply systems and irrigation improvements. These projects were in the tribal areas and in poppy growing regions such as Gadoon-Amazai and Dir.

Sindh: During the 1982-1987 period, USAID began improving rural roads in interior Sindh. Long-range goals included the rehabilitation or reconstruction of nearly 4,000 kilometers of rural roads, along with the establishment of a better system for operation and maintenance.

A CONTINUING RELATIONSHIP 1988 – 1993

From 1988-1993, the United States provided an additional \$2.28 billion for development projects. \$480 million was used to import needed agricultural items. The rest was in grants. During this period, USAID continued to build on successful programs begun in earlier phases. USAID also invested in expanding private investment in Pakistan, guarantees for housing loans to strengthen the housing market, mobilizing shelter resources and the Institutional Excellence Project.

INTERIM PROGRAM (1993-2002): THE PAKISTAN NGO INITIATIVE (PNI)

Under a humanitarian assistance regulation [P.L. 106-429, Sec. 541(a)], USAID worked with, and through, non-governmental organizations (NGOs) on basic education and community-based learning; literacy and skills development; reproductive health (including family planning), maternal and child health care; income earning activities; strengthening of local NGOs and community organizations; and policy advocacy at the national, provincial, and local levels.

Beneficiaries of USAID assistance were the rural and urban poor, especially women and girls in Sindh Province in the south and the Northwest Frontier Province in the north. Approximately 80 local NGOs and the communities in which they work benefited from PNI funding and technical assistance.

Key Results: The PNI program increased the percentage of girls attending and completing primary school in the rural areas; strengthened women's influence in household decisions; expanded couples' access to three or more modern methods of contraception; increased the number of women earning higher incomes; and increased the number of NGOs and community organizations working to strengthen social services and change policies.

START OF THE NEW PROGRAM 2002 - 2006

After a seven-year pause due to US-imposed nuclear non-proliferation sanctions, USAID reopened its Mission in Pakistan in July 2002. The new program focuses on four sectors: education, health, governance and economic growth.